

from 50 to 60 per cent. The valuation of negotiable securities was determined by the officers of the bank. All these operations were limited in amount and were required to run for terms no longer than bills of exchange, for which the maximum was three months. The number of loans of this sort steadily declined during the latter years of the history of the bank, while the amount increased, reaching a maximum in 1872 of 824,840,690 marks (\$206,000,000), including securities.

The issue of circulating notes was the chief means by which the Bank of Prussia was able to utilize its assets and there was no limit of law after 1856 upon the volume of the issues. The law of 1846 forbade the issue of bills for a greater sum than 21,000,000 thalers (\$15,750,000), but the repeal of this provision in 1856 left the bank untrammelled, except as the opinion of the banking community imposed a relation of one to three between the metallic reserve and the circulation. The bills were not a legal tender and were redeemable in coin on demand, but they were accepted in public depositories by virtue of a royal ordinance of June 9, 1847. The denominations were limited to ten, twenty-five, fifty, one hundred, and five hundred thalers, equivalent to a minimum of \$7.50 and a maximum of \$375. A further limitation was imposed that bills of the smallest denomination should not exceed a total of 10,000,000 thalers (\$7,500,000), and in fact their number never surpassed 957,000 in the ten years preceding consolidation with the Bank of the Umpire and had descended in 1875 to 520,000 (\$3,900,000). The maximum note circulation in 1860 was 93,029,000 thalers (\$70,000,000); in 1865, 136,148,000 thalers, and 1870 202,488,000 thalers. The increase was more rapid in the next few years and carried the maximum in 1871 to 242,242,000 thalers; in 1872, to 311,531,000 thalers; in 1873 to 342,290,000 thalers; and in 1874 to 297,412,000 thalers.

The reserve of the Bank of Prussia consisted of gold and silver coin and bullion, public securities, bills of Prussian private banks, and securities payable at sight or otherwise and until 1869 of accepted drafts (*Giro-Anweisungen*). The